

[On McLane Letterhead]

July 5, 1994

Michael E. Szymanczyk
Senior Vice President, Sales
Philip Morris Incorporated
120 Park Avenue
New York, NY 10017

Dear Mike:

This will confirm our understanding concerning payments from Philip Morris to M&C Products and Wal-Mart pursuant to the Grant of Exclusive Manufacturing Rights Agreement (the "Agreement") which we have executed as of July 1, 1994, and the letter of understanding, dated July 1, 1994, signed by you on behalf of Philip Morris (the "Letter").

We acknowledge that the prospective Manufacturer's Annual Fee (payable under Section 1.2 of the Agreement) for the term of the Agreement is predicated on the volume of Private Label Cigarette Products (as that term is defined in the Agreement) which you are currently manufacturing for us. We further acknowledge that we may or may not be able to maintain that volume during the term of the Agreement. Accordingly, in the event that the volume of Private Label Cigarette Products which you manufacture for us decreases by one third during either the fourth or the fifth year of the term of the Agreement when compared to the previous contract year's volume, we agree that the Annual Base Amount (as that term is defined in the Agreement) for the year(s) in which that volume decrease exists will be one-half the amount otherwise payable under Section 1.2 (c) of the Agreement, giving due effect to the Letter.

Your signature below will evidence your agreement to this understanding.

Very truly yours,

AGREED AND ACCEPTED

Michael E. Szymanczyk

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